

Lake County weighs raising sales tax, cutting others

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Lake County commissioners are considering shifting some of the county tax burden from homeowners to consumers — many of them from outside the county — by reducing property taxes and a stormwater fee while raising the county's sales tax.

The proposal, which is expected to be voted on by the commissioners sometime before Jan. 27, would bring the cash-strapped county an estimated \$20 million a year through a 0.5 percentage-point increase in the sales tax, according to county figures.

Much of the additional sales tax revenue, an increase of \$5 for every

\$1,000 spent, would be paid by non-residents who go to Lake County to shop and eat.

"Let's face it, a significant amount of the sales tax is going to come from outside Lake County residents," said Daniel Troy, president of the commissioners. "We do have a good retail base here."

But residents would pay more as well. The plan would cost middle-class renters — a family of four with an income of between \$50,000 and \$60,000 — about \$70 more a year. Homeowners with the same family income would see less of a net increase, paying about \$21 more a year, or in some cases they would actually see a savings, a Plain Dealer analysis found.

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Daniel Troy,
president of the Lake County commissioners

LAKE

FROM A1

County weighs raising sales tax

Lake County's three commissioners — two Democrats and a Republican — all support the proposal, which would be phased in over the next year. They will hold a public hearing at 10 a.m. Tuesday.

Under the proposal, the sales tax increase would take effect April 1, while the reduction in property taxes of about \$34 for every \$100,000 in home value would be for the 2012 tax year and the \$15 decrease in the residential stormwater fee would begin in 2013 for the 15 communities in the county's stormwater management district.

"We had to do something," said Troy, a Democrat. "This shifts us away from a tax base that's built on property ownership and more toward one that's built on consumption. There could be a significant number of people for whom the end result is a tax cut."

Troy and the other commissioners acknowledged that the proposal would have a greater effect on renters, but even after the increase the sales tax will remain low at 6.75 percent, they said. They added that the sales tax is not charged on basic necessities such as groceries, and they expect a lot of the increase to be felt by nonresidents who spend money in Lake County.

"Actually, the sales tax is a user's fee," said Commissioner Robert Aufuldish, a Democrat.

"My feeling is if you can spend a thousand dollars on an item, you can spend another five bucks on sales tax."

However, many estimates, including those produced by the IRS, show that higher-income people pay a smaller share of their income in sales taxes than those making less.

For example, a Lake County family of four making \$50,000 a year would pay an estimated \$942 a year in sales tax under the proposal, based on the IRS estimates. If the same family made twice as much it would pay an estimated \$1,329.

Aufuldish said the county had lost millions of dollars in revenue recently as property values plummeted and the state cut its funding. In response, the county had cut spending and reduced its staff by 22 percent in the last four years, he said.

As he was discussing the proposal Thursday, the county sheriff's office told four deputies that their positions were being eliminated in a cost-saving measure.

"This will essentially double the sales tax revenue," he said, taking it from about \$14 million to \$28 million a year. But the property tax decrease will cost the county \$6 million a year, and the reduction in the stormwater fee will lower revenue by another \$2 million.

"We certainly hope that this will put us on good footing," Aufuldish said.

Today, Lake County's sales tax of 6.25 percent is among the five lowest in the state, according to the Ohio Department of Taxation. Of that, 5.5 percent goes to the state, 0.5 percent is for the county, and 0.25 percent is for the Lake-tran transportation system.

Lake County sales tax to rise, property taxes to fall

Lake County plans to raise the sale tax beginning April 1, from 6.25 percent to 6.75 percent. At the same time, the county is lowering its property tax and stormwater fee paid by homeowners.

Family 4 Renters \$50-\$60k income			
	Before	After	Difference
Sales Tax	\$872.73	\$942.55	\$69.82
Property Tax*	0	0	\$0.00
Stormwater fee	0	0	\$0.00
			\$69.82

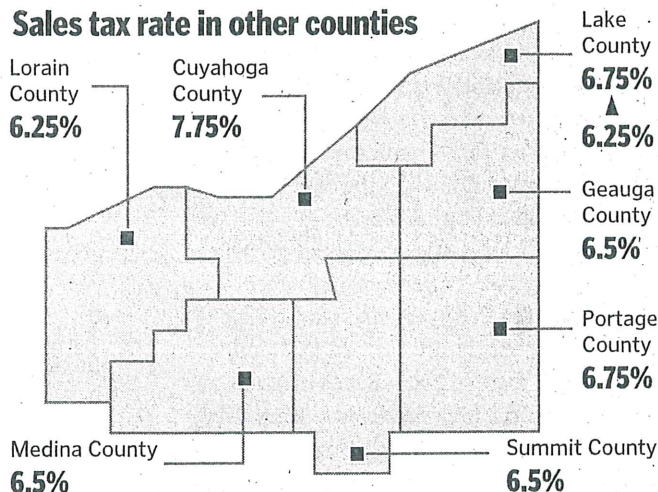
Family 4 Owns \$100,000 home \$50-\$60k income			
	Before	After	Difference
Sales Tax	\$872.73	\$942.55	\$69.82
Property Tax*	\$292.26	\$258.58	(-\$33.68)
Stormwater fee**	\$30	\$15	(-\$15.00)
			\$21.14

Family 4 Owns \$200,000 home \$50-\$60k income			
	Before	After	Difference
Sales Tax	\$872.73	\$942.55	\$69.82
Property Tax*	\$584.52	\$517.16	(-\$67.36)
Stormwater fee**	\$30	\$15	(-\$15.00)
			(-\$12.54)

* For county tax purposes

** Not all communities are in Lake County's stormwater management district

Sales tax rate in other counties



SOURCES: Lake County Commissioners; Ohio; Department of Taxation; Internal Revenue Service

DAVE DAVIS, JAMES OWENS | THE PLAIN DEALER

The proposal would raise the county's share to 1 percent. That means that the sales tax on a \$1,000 flat screen television would be \$62.50 today and \$67.50 after April 1 if the proposal passes.

The purchases of cars are taxed at the rate of your home county regardless of where you buy.

"I think this is the right idea for the time," said Commissioner Raymond Sines, a Republican. "It's gotten to the point now where we're really going to see an interruption in

services."

When asked about the proposal's possible effect on renters, Sines said, "Hopefully it means that their rent may not go up because the real estate taxes and stormwater fee are being reduced. This all comes down to the property owner."

"No one wants to raise a tax in this environment."

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